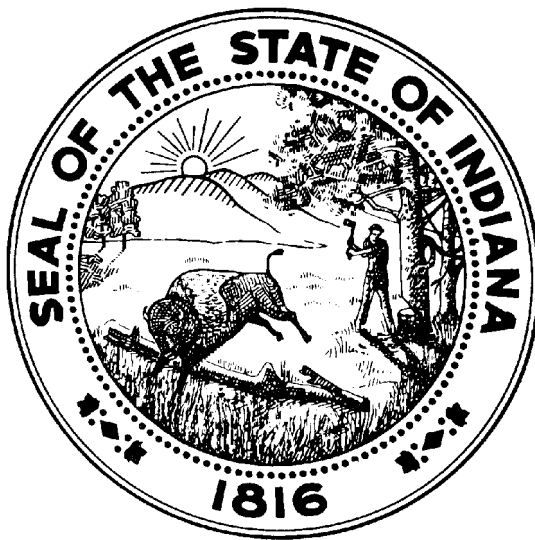


ACCOUNTING AND UNIFORM COMPLIANCE
GUIDELINES MANUAL
FOR
COUNTY AUDITORS
OF
INDIANA



Issued by
State Board of Accounts
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FOREWORD

This Manual of Instructions for County Auditors has been prepared in the interest of providing more uniform accounting procedures in the ninety-two counties and to assist county auditors in discharging their duties and responsibilities. The manual consists of twelve chapters, listed in the Table of Contents.

Chapter IV contains a list of all forms and records and, where necessary, many of the forms and records have been illustrated; however, because of the numerous forms and records in use and, since most are explained in the manual or their use is self-explanatory, not all are illustrated.

Throughout the manual an effort has been made to assemble and discuss each subject in such a manner as to minimize revisions which may be required as a result of new legislation, opinions of the Attorney General, court decisions and rulings of state and federal agencies, and for that reason, many laws, legal opinions and decisions are not included. As stated on page 1-3, legal references are furnished in the manual only where required to explain subject matters and you should continue to consult the County Bulletins issued by this board and the legal references cited on page 1-3, if a legal question arises which is not covered in the manual, or consult the attorney representing the county.

The manual was originally prepared by Richard L. Worley of the State Board of Accounts, former Deputy County Auditor of Monroe County.

The manual is the property of the office and should be carefully preserved and turned over to your successor. We hope you will find it to be helpful and we invite county auditors and deputies to offer suggestions for its improvement.

Charles Johnson, III, C.P.A., State Examiner
Michael A. Fiwek, C.P.A., Deputy State Examiner
Robert D. Pearson, C.P.A., Deputy State Examiner

1997

TABLE OF CONTENTS
By Chapter and Section

	<u>Page</u>
FOREWORD	
 CHAPTER I <u>Introduction</u>	
Section A - Origin of Office	1-1
Section B - Duties of Office	1-1
Section C - Definitions	1-1
Section D - Legal References	1-2
 CHAPTER II <u>Organization of Office, Compensation and Fees</u>	
Section A - Organization of Office	2-1
Section B - Compensation and Fees	2-3
 CHAPTER III <u>Powers and Duties</u>	
Section A - Statutory Provisions	3-1
Section B - Calendar of Duties	3-1
Section C - Powers and Duties Discussed	3-6
 CHAPTER IV <u>Forms and Records</u>	
Section A - General Discussion	4-1
Section B - Forms Prescribed by State Board of Accounts	4-2
Section C - Forms Prescribed by State Board of Tax Commissioners	4-5
Section D - Forms Furnished by Other State Agencies	4-7
Section E - Forms Furnished by Federal Internal Revenue Service	4-10
Section F - Explanation of Use of Prescribed General Forms	4-10
 CHAPTER V <u>Accounting Principles and Chart of Accounts</u>	
Section A - Accounting Principles	5-1
Section B - Chart of Accounts	5-3
Section C - Fund and Departmental Account Numbers	5-3
Section D - Revenue Account Numbers	5-6
Section E - Expenditure Account Numbers	5-8
Section F - Application of Numerical Coding System	5-10

CHAPTER VI
Accounting for Receipts and Disbursements

	<u>Page</u>
Section A - General Discussion	6-1
Section B - Ledger of Receipts, Appropriations and Disbursements	6-1
Section C - Subsidiary Ledgers	6-2
Section D - Opening Ledger Accounts	6-4
Section E - Posting Ledgers	6-6
Section F - Footing and Proving Ledgers	6-9
Section G - State Grants	6-10
Section H - Accounting for Receipts	6-16
Section I - Accounting for Disbursements	6-18
Section J - Accounting for Payrolls	6-24
Section K - Loans and Advances	6-38
Section L - Financial Statements and Reports	6-42

CHAPTER VII
Claims and Allowances

Section A - General Discussion	7-1
Section B - Claim Forms	7-1
Section C - Itemization and Verification	7-2
Section D - Audit of Claims and Vouchers	7-2
Section E - Commissioners' Claims and Allowances	7-3
Section F - Court Allowances	7-4
Section G - Welfare Claims and Schedules of Allowance	7-5
Section H - County Hospital Claims	7-5
Section I - County Aviation Department Claims	7-5
Section J - County Park and Recreation Department Claims	7-5
Section K - County Agricultural Extension Office Claims	7-6
Section L - Claims for Examination of Records	7-6
Section M - Change of Venue Claims	7-6
Section N - Bonds and Indebtedness	7-7
Section O - Funds Due State of Indiana	7-7
Section P - Distributions to Governmental Units	7-8
Section Q - Tax Sale Redemption	7-8
Section R - Surplus Tax Fund	7-8
Section S - Remittance of Payroll Deductions	7-9
Section T - Other Warrants	7-9
Section U - Filing and Preservation of Claims and Other Documents	7-9
Section V - Poor Relief Claims	7-10

CHAPTER VIII
Budgets and Appropriations

Section A - General Discussion	8-1
Section B - Budget Forms	8-1
Section C - Salaries and Wages	8-1

CHAPTER VIII
Budgets and Appropriations
(Continued)

	<u>Page</u>
Section D - Budget Estimates - Forms and Use - Date of Filing	8-2
Section E - Budget Classification - Objects of Expense	8-3
Section F - Action by Board of County Commissioners	8-4
Section G - Estimate of Fees and Other Revenues Payable to County	8-5
Section H - Estimate of Miscellaneous Revenue	8-5
Section I - Township Poor Tax Levies and Rates	8-6
Section J - Estimates of Assessed Valuations and Taxes to be Furnished Each Political Subdivision	8-7
Section K - Preparation and Publication of Budget	8-7
Section L - County Council Meeting	8-10
Section M - County Board of Tax Adjustment	8-10
Section N - Notice to Taxpayers of Tax Levies and Rates	8-11
Section O - Appeals to State Board of Tax Commissioners	8-11
Section P - Action by State Board of Tax Commissioners	8-11
Section Q - Notice to Political Subdivisions of Changes in Budgets, Tax Levies and Tax Rates	8-12
Section R - Additional Appropriations and Transfers	8-12
Section S - Hearing and Action by State Board of Tax Commissioners	8-14
Section T - Appropriations - When Not Required	8-14
Section U - Appropriations - Required by County Council Only	8-15
Section V - Appropriations Carried Forward	8-16

CHAPTER IX
Property and Excise Taxes

Section A - General Discussion	9-1
Section B - Assessment of Property	9-2
Section C - County Property Tax Assessment Board	9-8
Section D - Exemptions and Deductions	9-9
Section E - State Board of Tax Commissioners	9-15
Section F - Preparation of Tax Duplicate	9-17
Section G - License Excise Taxes	9-24
Section H - County Motor Vehicle Excise Surtax and County Wheel Tax	9-25
Section I - Boat Excise Tax	9-30
Section J - Financial Institutions' Tax	9-31
Section K - State Property Tax Replacement Credit	9-32
Section L - Advance Tax Draws	9-32
Section M - Settlements With Treasurer - Apportionment and Distribution of Taxes	9-33
Section N - Settlement of Other Collections by Treasurer	9-47
Section O - After Settlement Delinquencies	9-49
Section P - Tax Refund Claims	9-50
Section Q - Real Estate Tax Sales	9-51
Section R - Collection of Delinquent Personal Property Taxes	9-68

CHAPTER X
Special Assessments

	<u>Page</u>
Section A - Conservancy Districts	10-1
Section B - Drainage Assessments	10-3
Section C - Delinquent Sewer Charges	10-3
Section D - Delinquent Barrett Law Assessments	10-4
Section E - Line Fence Assessments	10-4
Section F - Delinquent Dog Tax Assessments	10-5
Section G - Weed Cutting Assessments	10-5

CHAPTER XI
School and Cemetery Trust Funds

Section A - Auditor's Duties	11-1
Section B - Nature of Funds and Accounting Requirements	11-1
Section C - Accounting for Funds	11-3
Section D - Loan of Funds	11-4
Section E - Investment of Funds	11-4

CHAPTER XII
Double Entry Accounting System

Section A - Accounting Basis	12-1
Section B - Types of Funds	12-2
Section C - Records of Utilities or Enterprises	12-2
Section D - Additional Records Required	12-2
Section E - Tax Distribution Funds	12-3
Section F - Chart of Accounts	12-5
Section G - Chart of Funds	12-6
Section H - Chart of Accounts (Illustrated)	12-7
Section I - Revenue Accounts	12-9
Section J - Expenditure Accounts	12-10
Section K - Illustrated Entries - General Fund	12-11
Section L - Illustrated Journal Entries - General Fund	12-12
Section M - General Ledger Accounts Showing Illustrated Journal Entries	12-14
Section N - Special Revenue Funds	12-16
Section O - Capital Projects Funds	12-16
Section P - Trust and Agency Funds	12-16
Section Q - General Fixed Assets Group of Accounts	12-17
Section R - General Long-Term Debt	12-17

CHAPTER XIII
Miscellaneous

Section A - Miscellaneous	13-1
---------------------------	------

CHAPTER XIV
Prescribed Forms, Taxes, and General Information

	<u>Page</u>
Section A - Prescribed Forms	14-1
Section B - State and Federal Taxes	14-2
Section C - General Information	14-3

CHAPTER XV
Computer Systems

Section A - General Information	15-1
---------------------------------	------

CHAPTER XVI
Public Proceedings and Public Records

Section A - Access to Public Proceedings	16-1
Section B - Access to Public Records [IC 5-14-3]	16-2
Section C - Preservation and Destruction of Public Records	16-4

CHAPTER XVII
Conflict of Interest

Section A - Public Servants - Statutory Conflict of Interest [IC 35-44-1-3]	17-1
Section B - Consultants - Statutory Conflict of Interest [IC 5-16-11]	17-3
Section C - Lucrative Office	17-4

CHAPTER XVIII
Compensation and Benefits

Section A - Compensation and Benefits	18-1
Section B - Record of Hours Worked	18-1
Section C - Unemployment Compensation	18-2
Section D - Public Employee's Retirement Fund (PERF)	18-2
Section E - Public Employee Deferred Compensation Plans	18-2
Section F - Travel Policies	18-3
Section G - Commuting Mileage	18-3
Section H - Private Property	18-3
Section I - Personal Property Use	18-3
Section J - Personal Expenses	18-3
Section K - Purchasing Bonuses	18-3
Section L - Suspensions With Pay	18-3
Section M - Severance Pay	18-3

CHAPTER XIX
Deposit and Investments of Funds

	<u>Page</u>
Section A - Designation of Depositories	19-1
Section B - Deposit In Transaction Accounts	19-4
Section C - Certificates of Deposit	19-4
Section D - Depositing Receipts	19-5
Section E - Electronic Fund Transfer	19-6
Section F - Authority for Investments	19-6
Section G - Authorized Investments	19-6
Section H - Interest on Investments	19-8
Section I - Public Deposit Insurance Fund	19-9
Section J - Service Charges	19-9
Section K - Manner of Investing Funds	19-9
Section L - Procedures for Purchasing Investments	19-10
Section M - Procedures for Posting Records at the Time Investments are Purchased or Sold	19-11
Section N - Investment Cash Management	19-12
Section O - Trusts and Endowments	19-13
Section P - Investment Report	19-13

CHAPTER XX
Public Purchases, Purchase of Land or Structures and Inventory of Fixed Assets

Section A - General Provisions	20-1
Section B - Purchases for Which Advertising and Bidding is Required	20-1
Section C - Request for Proposal Process	20-4
Section D - Purchases Exempt from Advertising and Bidding Requirements	20-5
Section E - Contract Provisions	20-8
Section F - Agency Service Contracts	20-9
Section G - Rental with Option to Purchase Agreements for Equipment	20-9
Section H - Petroleum Products [IC 36-1-9-3.1]	20-10
Section I - Trust [IC 36-1-9-8.5]	20-11
Section J - Public Law 49-1997	20-11
Section K - Procurement Preferences [IC 5-17-6]	20-11
Section L - Purchase of Land or Structures [IC 36-1-10.5]	20-13
Section M - Fixed Assets	20-14

CHAPTER XXI
Public Works Law

Section A - General Provisions	21-1
Section B - Public Work Projects for Which Advertising and Bidding is Required	21-1
Section C - Public Work Projects Costing More Than \$100,000 - Additional Procedures	21-4
Section D - Public Work Projects in Certain Counties, Cities and Towns [IC 36-1-12-4.7]	21-6
Section E - Public Work Costing Less Than \$25,000 [IC 36-1-12-5]	21-7
Section F - Use of Own Work Force	21-8
Section G - Division of Public Work Projects [IC 36-1-12-19]	21-8
Section H - Emergency Contracts	21-9
Section I - Use of United States Steel Products	21-9

CHAPTER XXI
Public Works Law
(Continued)

	<u>Page</u>
Section J - Procedure for Hiring Architects, Engineers, or Land Surveyor [IC 5-16-11.1]	21-9
Section K - Prevailing Wage/Common Construction Wage	21-9
Section L - Discrimination by Contractors and Subcontractors Prohibited	21-10
Section M - Overpayment Collections	21-10
Section N - Advance Payments	21-10
Section O - Purchasing Bonuses	21-10
Section P - Public-Private Agreements [IC 36-1-14.3]	21-10

CHAPTER XXII
Leases

Section A - Lease With No Option to Purchase	22-1
Section B - Lease With Option to Purchase	22-1
Section C - Computer Hardware and Software - Lease with Option to Purchase	22-3
Section D - Joint Leasing	22-3

CHAPTER XXIII
Disposal of Real or Personal Property [IC 36-1-11]

Section A - Sale or Transfer of Real Property	23-1
Section B - Special Provisions Regarding Certain Sales or Transfers of Real Property	23-3
Section C - Leaseback Provision or Option to Repurchase	23-4
Section D - Sale or Transfer of Personal Property	23-5
Section E - Special Provisions Regarding Certain Sales or Transfers of Personal Property	23-6
Section F - Lease of Property	23-6

INDEX

CHAPTER I INTRODUCTION

SECTION A - ORIGIN OF OFFICE

Early history shows that the office of county auditor was first created by an act of the legislature in 1841. Prior to that time the duties pertaining to the office, for the most part, were performed by the clerk of the circuit court.

It is interesting to note, also, that after creating the office in 1841 the legislature passed an act in 1844 abolishing the office in Owen, Greene, Washington and Carroll Counties, restoring the duties then performed by the auditors to the clerks in those counties.

It was not until the second Constitution of Indiana was adopted in 1851 that the office was created in all counties and it has remained a constitutional office since that time.

SECTION B - DUTIES OF OFFICE

The Constitution of Indiana imposes no duties upon the auditor. It only provides that he shall "perform such duties as may be directed by law." (Art. 6, Sec. 6 of Constitution of Indiana; Jones v. Cavins, 4 Ind. 305)

The auditor shall, therefore, perform such duties as may be directed by law. These duties for the most part are enumerated in Chapter III and are more fully covered in other chapters.

SECTION C - DEFINITIONS

The following terms are used throughout this manual. Each is defined herein for the purpose of clarity and to prevent misunderstanding or misinterpretation. Unless the context clearly states otherwise, such terms shall have the following meanings:

Quietus or Receipt shall mean the quietus issued by the auditor upon a person depositing in his office the receipt of the treasurer for money paid into the county treasury.

Warrant shall mean an order or check issued by the auditor or the treasurer for the payment of money from the county treasury.

Fund shall mean the cash belonging to a specific named account. It shall also mean investments of cash in securities belonging to such fund or account.

Examples of funds include: General Fund, Welfare Fund, Highway Fund, Health Fund and Congressional School Fund.

Appropriation means authorization given by the council by ordinance to incur obligations and disburse funds for a specific purpose, in those instances where an appropriation is required. This term is associated with the terms "Major Budget Classification" and "Object of Expenditure," also defined herein. The term differs from "fund" in that it does not represent cash but is merely the authority to expend the cash in a specific fund up to a stated amount.

Major Budget Classification means one of the four major classifications of expense for which appropriations are made under the uniform budget system prescribed for counties. The major classifications are: Personal Services, Supplies, Other Services and Charges and Capital Outlays.

Object of Expenditure or Minor Budget Classification means one of the detail or minor classifications of expense under a major budget classification, as prescribed in the uniform budget system for counties. It also refers to appropriations where required to be made by minor object.

Encumbrance means an obligation incurred in the form of a purchase order or contract to be paid from an appropriation or fund, for which a part of the appropriation or fund is reserved, or set aside on the records, for that purpose. An encumbrance ceases when the obligation is paid.

Unencumbered Appropriation means that portion or balance of an appropriation not expended or encumbered.

Claim or Accounts Payable Voucher, as used herein and particularly in Chapter VII, Claims and Allowances, shall have the broad meaning of any request, order or demand for payment of money out of the county treasury. It is not intended that the term be limited solely to claims filed for allowance by the board of county commissioners, unless the discussion so indicates.

Disbursement means the actual payment of money by the issuance of a warrant against the county treasury.

Expenditure means the incurring of an obligation against a fund or appropriation, for which the money may or may not be disbursed. It is actually a total of encumbrances and disbursements.

Ledger Account means the accounting form on which the financial transactions pertaining to a particular fund, appropriation or detail account are recorded.

Ledger means the composite or summary of a group or of all individual "ledger accounts" into a single book or record. For example, a "Funds Ledger" will consist of the ledger accounts for all funds and an "Appropriation Ledger" will consist of the ledger accounts for all appropriations. It is sometimes referred to as the "General Ledger," in which all ledger accounts are kept in a single record; however, the term also includes subsidiary ledgers of financial transactions required to be kept.

SECTION D - LEGAL REFERENCES

Throughout the Manual legal references are furnished, where applicable, to facilitate locating statutes, opinions of the Attorney General and court decisions touching on the subject discussed. These references are only for the purpose of assisting in resolving questions which might arise and should not be construed as legal opinions of the State Board of Accounts. If a legal question arises that is not answered by one of the references furnished, or if a statute, opinion or court decision requires further interpretation, consult the attorney representing the county.

All references to statutes are to the Indiana Code and to the title, article, chapter and section of the Code. For example, IC 6-1.1-32-2 refers to Title 6, Article 1.1, Chapter 32 and Section 2 of the Code.

In using the Indiana Code it is important to remember that the entire Code is not reprinted each year and the latest supplemental volume(s) should always be reviewed for any laws which may have been enacted since the entire Code was last reprinted. A copy of the latest supplemental volume(s) is required to be furnished to the office each year at no cost by the clerk of the circuit court. [IC 2-6-1.5-4]

The Code Edition of Burns Indiana Statutes is another available source of applicable statutes. To insure that you are reading the most recent law on the subject in those volumes, reference should always be made to the latest pocket supplement. The use of Burns Indiana Statutes may be beneficial because of the annotations, or footnotes, carried under each section, which make reference to official opinions of the Attorney General, court decisions and other information or material relating to the statute.

References to Official Opinions of the Attorney General are usually shown as "OAG," followed by the number of the opinion and the year it was issued, or if no number was assigned to the opinion the exact date of issue.

References to court decisions, unless otherwise stated, are to cases decided by the Indiana Supreme Court and the Indiana Court of Appeals (formerly designated Indiana Appellate Court). A reference, such as "223 Ind. 467" means page 467, Volume 223 of Indiana Reports (Supreme Court). The reference "91 App. 160" means page 160, Volume 91 of Indiana Court of Appeals Reports.

The circuit court's law library should contain all of the reference material mentioned herein should it not be readily available in the auditor's office.

[GO TO TABLE OF CONTENTS](#)

[GO TO INDEX](#)